

Message Text

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PAGE 01 STOCKH 03814 091203Z

ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01

L-03 NSC-05 SS-15 STR-04 CEA-01 /110 W

-----028322 092050Z /64

R 091017Z SEP 77

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 1628

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMCONSUL GOTEBOG POUCH

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY REYKJAVIK

UNCLAS STOCKHOLM 3814

USEEC

USOECD

E.O. 11652: N/A

TAGS: EIND, EINV, ETRD, ELTN, NL, SW

SUBJ: SAAB CAR MANUFACTURER CONFIRMS THAT PLANNED MERGER WITH
VOLVO HAS FALLEN THROUGH

REF: STOCKHOLM 1985

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1. AT PRESS CONFERENCE ON AUGUST 28, PEHR GYLLENHAMMAR, MANAGING
DIRECTOR OF SWEDEN'S LARGEST AUTOMOBILE MANUFACTURING FIRM VOLVO,
ANNOUNCED THAT HIS COMPANY COULD NO LONGER WAIT FOR REPLY FROM
SAAB ON THE PROJECTED MERGER OF THE TWO FIRMS (SEE REFTTEL). SAAB
HAD DELAYED TAKING A FORMAL DECISION TO MERGE WITH VOLVO WHEN IT
BECAME KNOWN THAT ITS WHITE COLLAR UNION EMPLOYEES FEARED A MERG-

ER WOULD LEAD TO THE DISAPPEARANCE OF THE SAAB PASSENGER CAR.

2. THE FALLTHROUGH OF THE MERGER WAS CONFIRMED AT A BOARD MEETING OF SAAB ON SEPTEMBER 7, AFTER WHICH THE FOLLOWING BRIEF COMMUNIQUE WAS ISSUED TO PRESS: "A BOARD MEETING OF SAAB-SCANIA AB TODAY DISCUSSED AB VOLVO'S DECISION TO BREAK OFF NEGOTIATION ON A MERGER BETWEEN THE TWO COMPANIES. IN THIS CONTEXT, THE BOARD EXPRESSED ITS REGRET OVER THE FACT THAT IT HAD NOT BEEN POSSIBLE TO TRY TO ARRIVE AT OTHER COLLABORATIVE FORMS THAN THOSE PRESENTED IN THE PROPOSAL OF MAY 6, 1977".

3. WHILE SAAB BLUE-COLLAR EMPLOYEES HAVE ALL ALONG TAKEN A POSITIVE ATTITUDE TO MERGER, BACKED BY THE NATIONAL SWEDISH METALWORKERS UNION, THE WHITE-COLLAR UNION PEOPLE HAVE CONTINUED TO EXPRESS CRITICISM AND NOW ARE BREATHING SIGH OF RELIEF THAT PLAN HAS FALLEN THROUGH.

4. INTERVIEWED IN PRESS, BENN OTTOMAN, HEAD OF SAAB LOCAL OF WHITE-COLLAR UNION (SIF), SAID HE NOW SAW NOTHING TO STOP SAAB COLLABORATING WITH SOME FOREIGN AUTOMOBILE MANUFACTURER. "BETTER TO COLLABORATE WITH A FOREIGN FIRM THAN TO SEE OUR OWN PRODUCTION IN SWEDEN CLOSED DOWN--AND WE WOULD HAVE BEEN RISKING THAT OTHERWISE," HE WAS QUOTED AS SAYING. OTTOSON STRESSED THAT COLLABORATION WITH FOREIGN FIRMS WOULD BE BEST IF OWNERSHIP DEPENDENCE WERE NOT INVOLVED. ONE PAPER NOTED THAT SAAB-SCANIA HAD ALREADY BEGUN TO COLLABORATE WITH ITALIAN FIRM LANCIA AND UNCLASSIFIED

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SUGGESTED THAT IT WAS THIS FIRM SAAB WAS PRIMARILY THINKING OF FORGING CLOSER LINKS WITH.

5. INDUSTRY MINISTER ASLING SAID DURING VISIT TO SAAB CAR PLANT ON SEPTEMBER 5 THAT HE INTENDED TO APPOINT COMMITTEE TO REVIEW SWEDISH AUTOMOBILE INDUSTRY IN CONSEQUENCE OF ABORTED SAAB-VOLVO MERGER. ASLING AGREED WITH METALWORKERS UNION BOSS THAT IT WOULD BE REGRETTABLE IF SWEDISH CAR MANUFACTURERS ALLIED THEMSELVES WITH FOREIGN FIRMS INSTEAD OF COLLABORATING WITH EACH OTHER. PERRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Sent Date: 09-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Film Number: D770327-0735
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